

EXHIBIT 12

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Tablet Sales to Take Off, PC Sales Suffer



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Trying to fight against Apple's iPad? Good luck! According to a new research note by investment bank J.P. Morgan, an actual competitor to Apple's popular tablet devices isn't expect to emerge until the launch of Windows 8, at best.

That gives Apple at least one more year to continue dominating the market—J.P. Morgan expects Apple to carry a 70.9-percent market share by the end of 2011, dropping slightly to 62.8 by the end of 2012.

According to [Apple Insider](#), the investment bank also raised its projections for total tablet sales in 2011. Tablet manufacturers are now expected to sell around 51.9 million units worldwide by the end of the year. Estimates for 2012 are even higher, though J.P. Morgan did revise its initial projections of 76.3 million sold down to 72.4 million.

There's good news for consumers in all this market talk, however: J.P. Morgan analyst Mark Moskowitz expects the average selling price for tablets to drop to \$556 by the end of 2011—an annual decrease of 12.1 percent. The average selling price should drop another 7.2 percent in 2012 to \$461.

Price wars are expected to be the name of the game for those looking to establish any kind of foothold against the iPad—and we've already seen that start to play out for both RIM- and HP-branded tablets over the past month. Other manufactures are expected to continue slashing tablet prices between now and the holiday season.

"Consumers want tablets, but they are not prepared to pay the same amount they'd pay for an iPad for something that's not an iPad," said Carolina Milanesi, a Gartner analyst, in [an interview with Apple Insider](#).

Apple has sold a total of 13.94 million iPads in the first and second quarters of 2011. But while consumer interest in tablets is great news for their respective manufacturers, the sales do come with their own cost: J.P. Morgan says that tablet and smartphone sales are helping to cannibalize PC sales.

"Media tablets have dramatically changed the dynamic of the PC market and HP's decision to rethink its PC strategy simply highlights the pressure that PC vendors are under to adapt to the new dynamic or abandon the market," said Gartner research director George Shiffer [in a statement](#).

For more from David, follow him on Google Plus: [David Murphy](#).

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